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## Russian Federation

### Livestock and Products

## Meat and Poultry Prices Keep Rising 2005

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**Report Highlights:**

Pork and beef prices continue to grow as a result of numerous internal and external factors. Disease outbreaks in China, Brazil and other major trading partners led to import bans of certain meat products. "Technical" problems allocating quota and TRQs led to a significant reduction in meat and poultry imports as well. Recent avian influenza outbreaks in Russia have caused suspicion about the safety of domestic poultry, which has increased demand for imported products.

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Includes PSD Changes: No  
Includes Trade Matrix: No  
Unscheduled Report  
Moscow [RS1]  
[RS]

## Meat prices

Wholesale meat prices grew significantly in the last 12 months compared to the inflation rate during that period of 11 percent. Domestic beef prices increased by over 20 percent, and imported beef prices by 18 percent. Domestic and imported pork prices during the last 12 months have been decreasing since hitting the record high of 91.00 Ru/Kilo and 92.13 Ru/kilo respectively in October 2004. However, since September 2005, prices have been increasing once again, up 10 percent for domestic pork and 13 percent for imported pork.

Domestic poultry prices started growing for whole birds and leg quarters in January 2005 and reached their peak in June 2005. Then, confirmed outbreaks of avian influenza (AI) in numerous Russian oblasts in July 2005 caused suspicion about the safety of domestic poultry that lead to a significant reduction in demand for domestic product. Imported poultry prices increased sharply in March 2005 - whole bird prices increased by 16 percent, and chicken leg quarters by 25 percent in comparison with previous month. AI outbreaks increased demand for imported poultry products even more and prices began growing even faster. From August-September 2005 prices for imported chicken leg quarters increased by 13 percent. Prices for imported chicken breast went up nine percent during the same period. Prices for imported whole birds, however, remained stable. In early 2005, continued poor implementation of the poultry quota exacerbated the effect of rising world prices on the Russian market.

Below is a brief outline of the events that have been shaping the Russian meat market since 2003.

- *May-June 2003* – Introduction of quota on poultry meat and tariff rate quotas (TRQs) on beef and pork
- *Late Fall/Winter 2003* – Mediocre grain harvest and poor fodder crop plus significant Russian grain exports
- *Winter 2003/2004* – Avian Influenza in Asia raises global poultry prices
- *December 2003* – Ban on U.S. beef due to bovine spongiform encephalopathy (BSE)
- *December 2003* – Rush to fill 2003 quota and TRQs in anticipation of subsequent problems issuing initial 2004 import licenses
- *January-March 2004* – “Technical” problems allocating quota and TRQs lead to almost three months with significantly reduced meat and poultry imports
- *June 2-8, 2004* – Russia temporarily halts all European Union imports due to unsuccessful negotiations over a unified veterinary certificate
- *Spring/Summer 2004* – Expectations of average crop production and little price relief for domestic feed grains
- *Summer/Fall/Winter 2004* – Russia bans imports of certain meat products from regions of Brazil, China, the United States, and the European Union due to disease outbreaks.
- *January-March 2005* – Additional “technical” problems allocating quota and TRQs lead to almost three months with significantly reduced meat and poultry imports for second straight year.
- *July 2005-Present* - Avian influenza outbreaks in six Russian oblasts in 2005 caused suspicion about safety of domestic poultry among consumers. As a result, demand and prices for domestic poultry products decreased. Demand and prices of imported poultry and red meat increased.
- *August-September 2005* - Hurricanes Katrina and Rita damaged meat and poultry processing and storage facilities in the southern U.S. Consequently, there were temporary poultry shortages in Russia, which raised prices for imported chicken leg quarters.

**Table 1: Russian Wholesale Prices (Offer Prices), Half Carcasses, April 2003 – October 2005.**

Date	Exchange rate, ruble/\$	Domestic beef	Imported beef	Domestic pork	Imported pork
04/30/2003	31.10	48.00	46.35	40.25	44.62
05/30/2003	30.66	48.00	48.52	41.02	48.45
06/30/2003	30.34	47.00	49.45	42.51	49.00
07/30/2003	30.24	49.00	49.30	42.39	49.11
08/30/2003	30.50	49.00	49.57	43.50	51.83
09/30/2003	30.61	58.00	52.75	51.33	61.60
10/30/2003	29.82	51.17	54.81	52.00	60.93
11/30/2003	29.74	52.38	52.31	50.75	55.53
12/30/2003	29.25	51.00	54.96	52.50	53.89
01/30/2004	28.48	64.42	63.61	54.63	54.81
02/29/2004	28.52	65.50	64.68	59.50	52.67
03/30/2004	28.49	66.00	67.05	55.17	55.05
04/30/2004	28.88	62.50	68.00	58.00	60.69
05/30/2004	28.99	68.50	67.64	64.25	67.75
06/30/2004	29.03	64.50	65.99	64.33	76.05
07/30/2004	29.09	68.75	64.02	68.68	74.37
08/30/2004	29.23	66.50	65.19	n/a	76.52
09/30/2004	29.22	66.75	70.50	87.50	86.86
10/30/2004	28.77	71.00	72.50	91.00	92.13
11/30/2004	28.24	69.50	71.75	86.50	84.66
12/29/2004	27.78	72.00	81.17	83.50	84.12
01/30/2005	28.08	71.50	80.67	87.50	85.05
02/28/2005	27.77	76.00	83.00	82.50	87.17
03/30/2005	27.83	85.00	83.15	79.50	81.53
04/30/2005	27.77	82.50	81.36	78.83	79.64
05/30/2005	28.08	82.67	81.09	77.08	78.18
06/30/2005	28.67	82.02	81.28	76.67	78.24
07/30/2005	28.63	81.03	81.06	75.50	75.56
08/30/2005	28.44	83.35	81.76	74.25	74.46
09/30/2005	28.50	83.33	85.37	82.00	85.76

Source: Institute of Agrarian Market Research (IKAR)

Prices are in rubles per kilogram.

Table 2. Moscow Wholesale Poultry Meat Prices, April 2003 – October 2005.

Date	Exch. Rate, RU/\$	Domestic chicken			Imported chicken		
		Frozen carcasses	Frozen breast, boneless	Frozen leg quarters	Frozen carcasses	Frozen breast, boneless	Frozen leg Quarters
04/30/2003	31.10	41.77	55.67	44.50	41.90	56.38	34.42
05/30/2003	30.67	43.93	57.62	45.00	43.76	62.17	39.55
06/30/2003	30.35	49.07	59.32	49.50	48.27	73.08	39.77
07/30/2003	30.25	53.55	78.00	50.83	55.78	81.69	41.76
08/30/2003	30.50	59.04	99.67	59.62	59.09	101.00	44.81
09/30/2003	30.61	59.96	108.00	61.09	58.58	107.77	45.45
10/30/2003	29.82	58.77	105.50	57.23	58.21	103.48	47.08
11/30/2003	29.74	57.96	101.00	61.13	56.42	95.08	47.11
12/30/2003	29.25	56.02	93.33	60.63	55.65	88.32	45.39
01/30/2004	28.49	54.96	92.67	57.88	53.98	82.58	45.85
02/29/2004	28.52	54.21	93.38	55.83	53.44	81.87	47.04
03/31/2004	28.49	54.07	84.50	52.50	52.51	80.30	44.96
04/30/2004	28.88	53.43	81.50	51.63	52.14	78.67	44.95
05/30/2004	28.99	53.55	83.00	51.63	51.21	79.70	44.27
06/30/2004	29.03	52.80	82.50	50.32	45.94	84.45	42.94
07/30/2004	29.09	51.43	82.50	50.60	43.51	89.22	43.51
08/30/2004	29.23	50.54	85.83	48.98	41.43	88.65	43.71
09/30/2004	29.22	49.62	90.25	47.82	44.20	89.77	43.76
10/30/2004	28.77	49.45	92.67	52.27	44.26	91.41	43.76
11/30/2004	28.24	49.51	88.08	53.42	45.44	89.72	42.49
12/29/2004	27.78	50.17	90.08	52.24	49.34	89.98	42.28
01/30/2005	28.08	52.02	87.67	49.95	52.66	89.34	43.00
02/28/2005	27.77	54.70	86.67	52.12	54.50	86.40	43.15
03/30/2005	27.83	61.42	85.00	56.10	63.17	87.33	54.66
04/30/2005	27.77	63.09	86.50	59.72	63.42	87.50	58.32
05/30/2005	28.08	65.67	88.67	61.06	44.96	88.43	55.73
06/30/2005	28.67	69.35	93.00	67.13	68.56	93.75	56.60
07/30/2005	28.63	68.09	89.00	67.13	65.57	96.33	52.87
08/30/2005	28.44	67.33	95.50	65.56	66.61	98.50	53.18
09/30/2005	28.50	65.19	98.00	63.07	66.64	107.38	60.14

Source: Institute of Agrarian Market Research (IKAR)

Prices are in rubles per kilogram.